

Questionnaire to prospective Settlement Banks in the Nordic Imbalance Settlement

To initiate the process to become a Settlement Bank in the Nordic Imbalance Settlement, please fill out this form and return it by email to Finance@esett.com.

1 About the respondent	
Date	
Name of the bank	
Mailing address	
Registration number in Trade/Company Register	
Country	
Bank identifier code (BIC)	
Contact person	
Contact person's email	
Contact person's phone	
2 Scope of services	
2.1 In which of the following countries do you provide bank accounts? If option "Other" is chosen, please fill in the country in the comment field	<input type="checkbox"/> Finland <input type="checkbox"/> Norway <input type="checkbox"/> Sweden <input type="checkbox"/> Denmark <input type="checkbox"/> Other
2.2 In which of the following currencies do you provide bank accounts?	<input type="checkbox"/> EUR <input type="checkbox"/> NOK <input type="checkbox"/> SEK <input type="checkbox"/> DKK

2.3 Are you able to provide On-Demand Guarantees according to the template defined by eSett? (provided separately)	<input type="checkbox"/> Yes <input type="checkbox"/> No
2.4 Describe briefly your KYC process	
2.5 Describe briefly your sanction screening process	

3 Operational and technical capabilities

Request for Transfer transactions

3.1 Are you a member of SWIFT?	<input type="checkbox"/> Yes <input type="checkbox"/> No
3.2 Have you implemented the “Request for Transfer” service, as defined by SWIFT, on a bilateral basis with Nordea Bank Finland i.e. are you able to process “Request for Transfer” instructions forwarded to you in MT101 format by Nordea Bank Finland?	<input type="checkbox"/> Yes <input type="checkbox"/> No
3.3 Are you able to execute the outgoing payments in response to incoming “Request for Transfer” instructions as Same-Day Value payments (CORT) in accordance with the schedule defined in eSett’s Operating Procedures? (See Appendix 1)	<input type="checkbox"/> Yes <input type="checkbox"/> No
3.4 When executing Same-Day Value payments in response to incoming MT101 messages, are you able to include in the remittance information field of the outgoing payment message (MT103 field 70) at least the 35 first characters of any remittance information supplied in field 70 of the incoming MT101 message?	<input type="checkbox"/> Yes <input type="checkbox"/> No
3.5 In the case that the execution of a Request for Transfer instruction issued by eSett should fail, how will eSett get notified about this?	

3.6 In your implementation of the “Request for Transfer” service, are you fully compliant with the “Request for Transfer Service Level Rules & Regulations” issued by SWIFT?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Balance reporting	
3.7 Are you able to daily report the end-of day account balances in IBAN in standard MT940 format as defined by SWIFT?	<input type="checkbox"/> Yes <input type="checkbox"/> No
3.8 By what time will the end-of-day balance reports be available for retrieval?	
3.9 How can eSett get information about the transactions and account balances during the day in cases when this is needed?	
3.10 Are you able to report the intra-day account balances in standard MT941 format as defined by SWIFT? NB: MT941 reporting is not a requirement by eSett but nevertheless valuable if it can be provided.	<input type="checkbox"/> Yes <input type="checkbox"/> No
3.11 If MT941 reporting is provided, at what time of day are different intra-day balance reports available for retrieval? (e.g. intra-day balance as at XX:XX is available at YY:YY)	
Compliance with Operating Procedures	
3.12 Are you able to fully operate by eSett’s Operating Procedures in all respects? (See Appendix 1)	<input type="checkbox"/> Yes <input type="checkbox"/> No
4 Agreements	
<p><i>eSett has defined the following standard agreements to govern the relationship and transactions between eSett, the Settlement Bank and the Market Participant:</i></p> <ul style="list-style-type: none"> • <i>Settlement Bank Agreement to be signed by the Settlement Bank and eSett</i> • <i>Cash Account Agreement to be signed by the Market Participant, the Settlement Bank and eSett</i> • <i>On-Demand Guarantee to be signed by the Settlement</i> • <i>Valid bilateral agreement with eSett’s settlement bank Nordea Bank Abp for execution of request for transfer transactions</i> 	
4.1 Are you able to fully comply with the terms in these agreements?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Appendix 1 – eSett’s Operating Procedures

This Appendix describes the operating procedures between eSett and the Settlement Banks in the Nordic Imbalance Settlement. These procedures may be amended by eSett from time to time. Ability of the Bank to operate according to these procedures is a prerequisite for eSett to be able to allow the Market Participants to use the Bank as their Settlement Bank in the Nordic Imbalance Settlement.

1 Collecting of the Market Participant’s payable amounts

To collect the Market Participant’s payable amounts arising in the Nordic Imbalance Settlement, eSett instructs the Settlement Bank to debit the Market Participant’s Cash Account and transfer the funds to eSett’s account in eSett’s Bank (currently Nordea Bank Finland Plc). These instructions shall be provided and carried out in accordance with the “Request for Transfer” service defined by SWIFT and implemented by banks on a bilateral basis. The Settlement Bank needs to have signed necessary agreements with eSett’s Bank and the Market Participants to enable the execution of Request for Transfer transactions as defined herein.

The Request for Transfer instructions issued by eSett are forwarded by eSett’s Bank to the Settlement Bank through the SWIFT network in accordance with the MT101 message format specified by SWIFT. The Settlement Bank shall execute the Request for Transfer instructions in accordance with its Request for Transfer service based on the “Request For Transfer Service Level Rules & Regulations” published by SWIFT and in accordance with any bilateral agreement between the Settlement Bank and eSett’s Bank. When executing the instructed payment, the Bank shall include in the remittance information field of the outgoing payment message (MT103 field 70), unaltered, at least the 35 first characters of any remittance information supplied in field 70 of the incoming MT101 message.

The payments in response to Request for Transfer instructions shall be executed as Same-Day Value payments (using CORT), provided that the Request for Transfer instructions issued by eSett through eSett’s Bank have been received by the Settlement Bank by the time stipulated in Table 1 below. Same-day value shall mean that the payment is executed on the same day as the instructions are received and that the funds are available to eSett’s Bank on that same day.

Table 1 Schedule for Request for Transfer transactions

#	Message or transaction	Description	Deadline
(1)	Incoming Request for Transfer from eSett	Deadline for when an incoming Request for Transfer instruction sent by eSett through eSett's bank shall be available to the Settlement Bank in order for deadline (2) to apply.	11:00 CET D+0
(2)	Outgoing payment transfer to eSett	Deadline for when a payment transfer from the Market Participant's Cash Account to eSett's account in response to a Request for Transfer instruction from eSett shall be available to eSett's bank, provided that the incoming Request for Transfer instruction was available to the Settlement Bank by the deadline (1).	14:45 CET D+0

The Settlement Bank shall immediately inform eSett or eSett's Bank if it, due to any reason, is unable to execute a payment from a Cash Account as instructed by eSett. In such situations, the Settlement Bank shall also, to the extent possible, indicate the reason why the payment instruction could not be executed.

2 Reporting of Balances and Transactions on the Cash Accounts

For the purpose of collateral monitoring and ensuring orderly settlement of the Market Participants' payable amounts, eSett needs to have up to date information about the balances and transactions on the Market Participants' Cash Accounts.

The Settlement Bank shall make daily end-of-day transaction and balance reports on the Market Participants' Cash Accounts available to eSett in the MT940 format defined by SWIFT. The Settlement Bank shall transfer the MT940 reports to eSett's Bank through the SWIFT network by 5:30 am CET each banking day of the Settlement Bank and eSett shall retrieve the reports from eSett's Bank.

In addition and when required, the Settlement Bank shall respond to eSett's reasonable enquiries concerning intra-day transactions and balances on a Cash Account. The Settlement Bank may provide such information in the MT941 format defined by SWIFT, or manually.

3 Release of Excess Funds on a Cash Collateral Account

If the balance on a Cash Collateral Account is higher than what is necessary for the Market Participant to meet the Collateral Requirement and any other requirement specified by eSett in accordance with the Imbalance Settlement Agreement or Balancing Service Settlement Agreement, the Market Participant may request from eSett that the balance in excess of the aforementioned requirements ("Excess Funds") be released from the Cash Collateral Account.

Upon the receipt of a valid request to release Excess Funds, eSett will send an MT101 message specified by SWIFT through the SWIFT network or an email to the Settlement Bank to instruct the Settlement Bank to make the Excess Balance available to the Account Holder. The Settlement Bank shall then transfer the Excess Balance to another designated account of the Account Holder. The account to be used for this purpose shall be agreed between the Account Holder and the Settlement Bank.

While it is acknowledged that any (positive) interest accrued to the funds on the Cash Collateral Account (if any) is in the scope of the pledge under the Agreement on Right of Disposal of Cash Account and Cash Collateral it is stated for clarity, that the Settlement Bank Agreement or the Agreement on Right of Disposal of Cash Account and Cash Collateral does not prevent the Settlement Bank from utilising its possible right to set-off accrued negative interest payable by the Account Holder (if any) to the Settlement Bank under the terms and conditions of the Cash Collateral Account if such negative interest will not be otherwise charged.